

UNIFIED SCHOOL DISTRICT NO. 415

Hiawatha, Kansas

Financial Statements

For the Year Ended June 30, 2014

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UNIFIED SCHOOL DISTRICT NO. 415
Financial Statements
For the Year Ended June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 415
Hiawatha, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 415, Hiawatha, Kansas (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statement

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the District to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2014, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis cash receipts and expenditures-actual and budget, summary of regulatory basis receipts and disbursements-agency funds, the schedule of regulatory basis receipts, expenditures and unencumbered cash-district activity funds and the schedule of regulatory basis receipts, expenditures and unencumbered cash-private purpose trust funds (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with "Government Auditing Standards", we have also issued our report dated November 18, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the District's internal control over financial reporting and compliance.

Other Matter

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas regulatory basis of accounting. Accordingly, such information should be read in conjunction with the District's financial statement for the year ended June 30, 2013, from which such partial information was derived. In our report dated October 29, 2013, on these financial statements we expressed an adverse opinion as to presentation on the basis of generally accepted accounting principles and an unmodified opinion as to presentation on the Kansas regulatory basis of accounting.

Mike Houser & Company PA

Certified Public Accountants

Lawrence, KS

November 18, 2014

UNIFIED SCHOOL DISTRICT NO. 415
Summary Statement of Receipts, Expenditures and Unencumbered Cash
For the Year Ended June 30, 2014

<u>Funds</u>	Beginning Unencumbered Cash <u>Balance</u>	Prior Year Cancelled <u>Encumbrances</u>	Cash <u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered Cash <u>Balance</u>	Outstanding Encumbrances and Accounts <u>Payable</u>	Ending Cash <u>Balance</u>
Governmental Fund Types:							
General Funds:							
General Fund	\$ 234	\$ 155	\$ 6,194,882	\$ 6,195,116	\$ 155	\$ 25,010	\$ 25,165
Supplemental General	172,748	-	2,123,172	2,102,894	193,026	4,001	197,027
Special Purpose Funds:							
At Risk (K-12)	79,015	-	769,580	758,316	90,279	54,126	144,405
Capital Outlay	1,211,540	2,545	449,012	356,597	1,306,500	144,444	1,450,944
Driver Training	1,570	-	2,695	292	3,973	-	3,973
Food Service	134,048	5,820	497,909	502,848	134,929	4,027	138,956
Professional Development	50,000	-	52,253	52,253	50,000	2,550	52,550
Parent Education	1,700	-	-	-	1,700	-	1,700
Special Education	277,705	-	1,379,171	1,237,059	419,817	3	419,820
Vocational Education	38,201	16	261,959	251,242	48,934	295	49,229
KPERS Special Retirement							
Contribution	-	-	543,519	543,519	-	-	-
Gifts and Grants	84,083	-	266,556	249,959	100,680	179,886	280,566
Textbook Rental	94,492	12	34,940	44,161	85,283	957	86,240
Federal Funds	-	-	248,856	248,856	-	8,258	8,258
Student Materials Revolving	20,373	-	31,653	41,321	10,705	5,752	16,457
Contingency Reserve	500,000	-	-	-	500,000	-	500,000
District Activity	47,741	-	175,980	176,852	46,869	-	46,869
Bond and Interest Fund:							
Bond and Interest	726,918	-	630,933	603,760	754,091	-	754,091
Private Purpose Trusts	203,866	-	5,284	5,300	203,850	-	203,850
Total	\$ 3,644,234	\$ 8,548	\$ 13,668,354	\$ 13,370,345	\$ 3,950,791	\$ 429,309	\$ 4,380,100

Composition of Cash:

Morrill and Janes Bank		
Checking Account	\$ 160,290	
Money Market	3,442,909	
Savings Accounts	13,282	
Certificate of Deposit	<u>187,807</u>	3,804,288
Farmers State Bank		
Savings Accounts		25,686
Hiawatha National Bank		
Checking Accounts	\$ 22,133	
Certificate of Deposit	<u>537,500</u>	559,633
Citizens State Bank		
Checking Accounts	\$ 8,608	
Savings Account	334	
Certificate of Deposit	<u>42,673</u>	51,615
Cash Balance		4,441,222
Less: Agency Funds per Schedule 3		<u>[61,122]</u>
Total Reporting Entity (Excluding Agency Funds)		<u>\$ 4,380,100</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 1 - Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Unified School District No. 415 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements include all the accounts for which the District is considered to be financially accountable. The District had no related municipal entities.

Reimbursed Expenses

Expenditures in the amount of \$200 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis regulatory receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Regulatory Basis Fund Types

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2014:

General Fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund - used to account for the proceeds of specific tax levies and other specific regulatory receipts sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Trust Fund – used to report assets held in trust for the benefit of the municipal financial reporting entity.

Agency Fund - used to report assets held by the municipal reporting entity in a purely custodial capacity.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), principal and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was not amended for the year ended June 30, 2014.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

A legal operating budget is not required for capital project funds, fiduciary funds, and the following special purpose funds: Textbook Rental, Student Materials Revolving, Contingency Reserve, Gate Receipts and School Projects

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Ad Valorem Tax Revenues

The determination of assessed valuations and collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied as of November 1 and become a lien on the property as of that date. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the District, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

NOTE 2 - Deposits and Investments

Deposits. K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

Investments. K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. As of June 30, 2014, the District held no such investments.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has no designated "peak periods". All deposits were legally secured at June 30, 2014.

At June 30, 2014, the District's carrying amount of deposits was \$4,441,222 and the bank balance was \$4,970,363. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$577,381 was covered by federal depository insurance and the balance of \$4,392,982 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 2 - Deposits and Investments (Continued)

Substance receipt in transit. The District received \$346,536 subsequent to June 30, 2014 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2014.

NOTE 3 - Long-Term Debt

Following is a detailed listing of the District's long-term debt outstanding at June 30, 2014:

<u>Debt Issue</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
G.O. 2005 Refunding Bonds	3/1/2005	3.00 to 3.60%	9/1/2018	<u>\$ 5,580,000</u>	<u>\$ 2,730,000</u>

The District is subject to statutes of the State of Kansas which limit the bonded debt outstanding to 14% of the assessed valuation. The District requested and received approval under applicable Kansas law which allows the issuance of bonded debt in excess of the general bonded debt limitation. The ratio of outstanding bonded debt to the assessed valuation as of June 30, 2014 was 3.21%.

Following is a summary of changes in long-term debt for the year ended June 30, 2014:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>	<u>Interest Paid Year Ended 6/30/2014</u>
G.O. Bonds To Be Paid With:					
Tax Levies					
2005 Refunding Bonds	<u>\$ 3,230,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 2,730,000</u>	<u>\$ 103,760</u>
Total	<u>\$ 3,230,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 2,730,000</u>	<u>\$ 103,760</u>

Annual debt service requirements to maturity for general obligation bonds to be paid with tax levies:

<u>Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2014-15	\$ 525,000	\$ 86,348	\$ 611,348
2015-16	555,000	68,250	623,250
2016-17	585,000	48,578	633,578
2017-18	600,000	27,540	627,540
2018-19	<u>465,000</u>	<u>8,370</u>	<u>473,370</u>
Total	<u>\$ 2,730,000</u>	<u>\$ 239,085</u>	<u>\$ 2,969,085</u>

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 4 - Operating Lease

The District has leased four copiers with payments totaling \$24,072 during the current year and payments in future years as follows:

<u>Year</u>	<u>Amount</u>
2014 - 15	\$ 22,791
2015 - 16	10,549
2016 - 17	<u>10,549</u>
Total	<u>\$ 43,889</u>

NOTE 5 - Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General	At Risk (K-12)	K.S.A. 72-6428	\$ 259,580
General	Food Service	K.S.A. 72-6428	24,000
General	Professional Development	K.S.A. 72-6428	52,253
General	Special Education	K.S.A. 72-6428	964,171
General	Vocational Education	K.S.A. 72-6428	32,170
General	Textbook Rental	K.S.A. 72-6428	4,831
Supplemental General	At Risk (K-12)	K.S.A. 72-6433	510,000
Supplemental General	Special Education	K.S.A. 72-6433	415,000
Supplemental General	Vocational Education	K.S.A. 72-6433	175,000
Supplemental General	Textbook Rental	K.S.A. 72-6433	<u>15,000</u>
Total			<u>\$ 2,452,005</u>

NOTE 6 - Defined Benefit Pension Plan

Plan description - The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A 74-4901 *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4%-5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The State of Kansas is required to contribute the statutory required employers share. Estimated Kansas contributions to KPERS for the District employees for the years ending June 30, 2014, 2013, and 2012 were \$543,519, \$484,043, and \$561,342, respectively, equal to the required contributions for each year.

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 7 - Compensated Absences

Most administrative and classified personnel employed on a twelve month full-time (32 hours per week) status are eligible for a paid two week vacation. Following the completion of ten years of employment, the employee is eligible for three weeks paid vacation. Only one week of unused vacation may be carried into the next year. A week is defined as five working days.

It is the District's policy to pay employees accrued vacation pay upon termination of employment. As of June 30, 2014, the liability for accrued vacation pay was \$6,499.

The District also has available sick leave for all. Employees accrue sick leave at the rate of fifteen (15) days per year, with the maximum accumulation of one hundred (100) days. Upon termination, employees are not paid for any accumulated sick leave.

NOTE 8 - Termination Benefits

The District also has a plan which covers personnel who are eligible to receive retirement benefits from either the Kansas Public Employees Retirement System or the Social Security Administration and have been employed by the district for at least fifteen years. To be eligible, the District must receive the employee's retirement resignation by February 15 of the year in which the retirement occurs. Eligible classified employees will receive a one-time payment based on the number of years of service in the District, payable in a lump sum at the end of the school year. The amount of the compensation is determined as follows:

<u>Years of Service to the District</u>	<u>Classified Compensation</u>
15 Years	\$ 1,500
Per Year Beyond 15 Years	50

The certified and administrative employees who retire under the plan are eligible to continue in the health insurance plan of the District as well as receive the District's contribution for the single health insurance policy equal to the benefit given in the year of retirement until the employee reaches age 65.

The amount paid by the District on behalf of the retirees during the year ended June 30, 2014, was \$123,409. The amount of the District's accrued contribution for the health insurance of retirees until age 65 is \$465,067 as of June 30, 2014.

The estimated cost of future early retirement program commitments, including health insurance, is as follows:

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Estimated Cost of Early Retirement Benefits	\$ 111,841	\$ 103,110	\$ 104,374	\$ 87,971	\$ 87,709

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 9 - Commitments and Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District as of June 30, 2014.

NOTE 10 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 12 – Regulatory Violation

Actual exceeded budgeted expenditures in the Professional Development Fund, which is a violation of K.S.A. 79-2935.

UNIFIED SCHOOL DISTRICT NO. 415
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Positive [Negative]</u>
General Funds:						
General Fund	\$ 6,383,362	\$ [188,446]	\$ 200	\$ 6,195,116	\$ 6,195,116	\$ -
Supplemental General	2,162,821	[59,927]	-	2,102,894	2,102,894	-
Special Purpose Funds:						
At Risk (K-12)	779,000	-	-	779,000	758,316	20,684
Capital Outlay	1,086,557	-	-	1,086,557	356,597	729,960
Driver Training	10,510	-	-	10,510	292	10,218
Food Service	552,500	-	-	552,500	502,848	49,652
Professional Development	50,000	-	-	50,000	52,253	[2,253]
Parent Education	-	-	-	-	-	-
Special Education	1,305,108	-	-	1,305,108	1,237,059	68,049
Vocational Education	304,875	-	-	304,875	251,242	53,633
KPERS Special Retirement Contribution	556,650	-	-	556,650	543,519	13,131
Gifts and Grants	165,900	-	-	165,900	249,959	[84,059]
Federal Funds	283,579	-	-	283,579	248,856	34,723
Bond and Interest Fund:						
Bond and Interest	603,760	-	-	603,760	603,760	-

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,485,338	\$ 1,532,545	\$ 1,454,137	\$ 78,408
Delinquent taxes	18,971	22,774	19,437	3,337
State Aid:				
Equalization aid	3,792,103	3,675,192	3,910,340	[235,148]
Special education aid	969,507	964,171	999,214	[35,043]
Reimbursement	3,000	200	-	200
Total Receipts	<u>6,268,919</u>	<u>6,194,882</u>	<u>\$ 6,383,128</u>	<u>\$ [188,246]</u>
Expenditures				
Instruction	2,938,155	2,922,496	\$ 2,983,748	\$ 61,252
Student support services	296,786	306,060	307,950	1,890
Instructional support services	277,747	281,783	288,400	6,617
General administration	236,982	235,879	247,100	11,221
School administration	629,320	602,953	651,050	48,097
Operations and maintenance	13,241	15,182	15,000	[182]
Other support services	216,624	226,157	223,650	[2,507]
Transportation	389,955	267,601	387,750	120,149
Transfers out	1,270,109	1,337,005	1,278,714	[58,291]
Adjustments to comply with legal max	-	-	[188,446]	[188,446]
Adjustment for qualifying budget credit	-	-	200	200
Total Expenditures	<u>6,268,919</u>	<u>6,195,116</u>	<u>\$ 6,195,116</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	[234]		
Unencumbered Cash, Beginning	-	234		
Prior year cancelled encumbrances	<u>234</u>	<u>155</u>		
Unencumbered Cash, Ending	<u>\$ 234</u>	<u>\$ 155</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,747,561	\$1,776,857	\$ 1,858,273	\$ [81,416]
Delinquent taxes	26,721	28,027	22,742	5,285
Motor vehicle tax	134,312	138,463	150,544	[12,081]
Recreational vehicle tax	2,180	2,560	2,352	208
State aid	<u>239,965</u>	<u>177,265</u>	<u>179,328</u>	<u>[2,063]</u>
Total Receipts	<u>2,150,739</u>	<u>2,123,172</u>	<u>\$ 2,213,239</u>	<u>\$ [90,067]</u>
Expenditures				
Operations and maintenance	1,057,088	987,894	\$ 1,060,821	\$ 72,927
Transfers out	1,068,547	1,115,000	1,102,000	[13,000]
Adjustments to comply with legal max	-	-	[59,927]	[59,927]
Total Expenditures	<u>2,125,635</u>	<u>2,102,894</u>	<u>\$ 2,102,894</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	25,104	20,278		
Unencumbered Cash, Beginning	<u>147,644</u>	<u>172,748</u>		
Unencumbered Cash, Ending	<u>\$ 172,748</u>	<u>\$ 193,026</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
At Risk (K-12) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Transfers in	\$ 760,000	\$ 769,580	\$ 750,000	\$ 19,580
Total Receipts	<u>760,000</u>	<u>769,580</u>	<u>\$ 750,000</u>	<u>\$ 19,580</u>
Expenditures				
Instruction	754,621	758,316	\$ 779,000	\$ 20,684
Student support services	<u>1,178</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>755,799</u>	<u>758,316</u>	<u>\$ 779,000</u>	<u>\$ 20,684</u>
Receipts Over [Under] Expenditures	4,201	11,264		
Unencumbered Cash, Beginning	74,804	79,015		
Prior year cancelled encumbrances	<u>10</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 79,015</u>	<u>\$ 90,279</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Capital Outlay Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 319,813	\$ 329,358	\$ 310,579	\$ 18,779
Delinquent taxes	5,031	5,473	4,161	1,312
Motor vehicle tax	25,305	25,130	27,350	[2,220]
Recreational vehicle tax	410	465	427	38
Investment income	27,359	17,293	25,000	[7,707]
Miscellaneous	55,718	71,293	45,000	26,293
Transfer in	3,086	-	-	-
Total Receipts	<u>436,722</u>	<u>449,012</u>	<u>\$ 412,517</u>	<u>\$ 36,495</u>
Expenditures				
Property and equipment - instruction	197,133	81,318	\$ 261,557	\$ 180,239
Property and equipment - student support services	-	1,656	10,000	8,344
Property and equipment - instructional support staff	3,427	-	10,000	10,000
Property and equipment - other support services	-	-	10,000	10,000
Property and equipment - school administration	10,472	19,529	30,000	10,471
Property and equipment - general administration	6,384	9,958	5,000	[4,958]
Property and equipment - transportation	2,661	-	85,000	85,000
Operations and maintenance	21,123	38,362	50,000	11,638
Site improvement services	20,854	20,069	500,000	479,931
Architectural and engineering services	5,945	11,250	25,000	13,750
Building additions	-	594	-	[594]
Building repair and remodeling	259,974	173,861	100,000	[73,861]
Total Expenditures	<u>527,973</u>	<u>356,597</u>	<u>\$ 1,086,557</u>	<u>\$ 729,960</u>
Receipts Over [Under] Expenditures	[91,251]	92,415		
Unencumbered Cash, Beginning	1,302,743	1,211,540		
Prior year cancelled encumbrances	<u>48</u>	<u>2,545</u>		
Unencumbered Cash, Ending	<u>\$ 1,211,540</u>	<u>\$ 1,306,500</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Charges for services	\$ 6,900	\$ 230	\$ 10,450	\$ [10,220]
Miscellaneous revenue	-	2,465	-	2,465
Transfer in	2,169	-	1,500	[1,500]
Total Receipts	<u>9,069</u>	<u>2,695</u>	<u>\$ 11,950</u>	<u>\$ [9,255]</u>
Expenditures				
Instruction	8,175	292	\$ 9,510	\$ 9,218
Operation and maintenance	700	-	1,000	1,000
Total Expenditures	<u>8,875</u>	<u>292</u>	<u>\$ 10,510</u>	<u>\$ 10,218</u>
Receipts Over [Under] Expenditures	194	2,403		
Unencumbered Cash, Beginning	<u>1,376</u>	<u>1,570</u>		
Unencumbered Cash, Ending	<u>\$ 1,570</u>	<u>\$ 3,973</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Food Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year	Current Year		Variance Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Federal aid	\$ 304,678	\$ 311,534	\$ 272,069	\$ 39,465
State aid	5,210	5,019	4,506	513
Charges for services	169,095	157,221	169,765	[12,544]
Miscellaneous	-	135	13,500	[13,365]
Transfers in	<u>30,000</u>	<u>24,000</u>	<u>50,000</u>	<u>[26,000]</u>
Total Receipts	<u>508,983</u>	<u>497,909</u>	<u>\$ 509,840</u>	<u>\$ [11,931]</u>
Expenditures				
Food service operation	505,958	502,848	\$ 552,500	\$ 49,652
Operations and maintenance	<u>3,058</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>509,016</u>	<u>502,848</u>	<u>\$ 552,500</u>	<u>\$ 49,652</u>
Receipts Over [Under] Expenditures	[33]	[4,939]		
Unencumbered Cash, Beginning	133,348	134,048		
Prior year cancelled encumbrances	<u>733</u>	<u>5,820</u>		
Unencumbered Cash, Ending	<u>\$ 134,048</u>	<u>\$ 134,929</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Professional Development Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 40,894	\$ 52,253	\$ 45,000	\$ 7,253
Federal aid	500	-	-	-
Total Receipts	<u>41,394</u>	<u>52,253</u>	<u>\$ 45,000</u>	<u>\$ 7,253</u>
Expenditures				
Instructional support services	<u>51,394</u>	<u>52,253</u>	<u>\$ 50,000</u>	<u>\$ [2,253]</u>
Total Expenditures	<u>51,394</u>	<u>52,253</u>	<u>\$ 50,000</u>	<u>\$ [2,253]</u>
Receipts Over [Under] Expenditures	[10,000]	-		
Unencumbered Cash, Beginning	<u>60,000</u>	<u>50,000</u>		
Unencumbered Cash, Ending	<u>\$ 50,000</u>	<u>\$ 50,000</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Parent Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	-	-
Expenditures				
Student support services	8,300	-	\$ -	\$ -
Total Expenditures	8,300	-	\$ -	\$ -
Receipts Over [Under] Expenditures	[8,300]	-		
Unencumbered Cash, Beginning	10,000	1,700		
Unencumbered Cash, Ending	\$ 1,700	\$ 1,700		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 1,209,507	\$ 1,379,171	\$ 1,249,214	\$ 129,957
Total Receipts	<u>1,209,507</u>	<u>1,379,171</u>	<u>\$ 1,249,214</u>	<u>\$ 129,957</u>
Expenditures				
Instruction	1,240,025	1,235,734	\$ 1,300,808	\$ 65,074
Operations and maintenance	<u>3,303</u>	<u>1,325</u>	<u>4,300</u>	<u>2,975</u>
Total Expenditures	<u>1,243,328</u>	<u>1,237,059</u>	<u>\$ 1,305,108</u>	<u>\$ 68,049</u>
Receipts Over [Under] Expenditures	[33,821]	142,112		
Unencumbered Cash, Beginning	<u>311,526</u>	<u>277,705</u>		
Unencumbered Cash, Ending	<u>\$ 277,705</u>	<u>\$ 419,817</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Vocational Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Miscellaneous	\$ 690	\$ 30	\$ -	\$ 30
Federal aid	45,858	47,125	50,000	[2,875]
State aid	12,844	7,634	12,780	[5,146]
Transfers in	<u>223,000</u>	<u>207,170</u>	<u>225,000</u>	<u>[17,830]</u>
Total Receipts	<u>282,392</u>	<u>261,959</u>	<u>\$ 287,780</u>	<u>\$ [25,821]</u>
Expenditures				
Instruction	254,522	229,444	\$ 274,325	\$ 44,881
Instructional support services	12,976	10,148	14,000	3,852
Transportation	13,169	9,294	-	[9,294]
Support services	<u>2,292</u>	<u>2,356</u>	<u>16,550</u>	<u>14,194</u>
Total Expenditures	<u>282,959</u>	<u>251,242</u>	<u>\$ 304,875</u>	<u>\$ 53,633</u>
Receipts Over [Under] Expenditures	[567]	10,717		
Unencumbered Cash, Beginning	38,767	38,201		
Prior year cancelled encumbrances	<u>1</u>	<u>16</u>		
Unencumbered Cash, Ending	<u>\$ 38,201</u>	<u>\$ 48,934</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
KPERS Special Retirement Contribution Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 484,043	\$ 543,519	\$ 556,650	\$ [13,131]
Total Receipts	<u>484,043</u>	<u>543,519</u>	<u>\$ 556,650</u>	<u>\$ [13,131]</u>
Expenditures				
Instruction	298,429	339,903	\$ 357,150	\$ 17,247
Student support services	18,593	21,377	20,000	[1,377]
Instructional support services	20,795	21,821	22,000	179
General administration	20,195	19,970	22,000	2,030
School administration	47,870	54,164	50,000	[4,164]
Other supplemental services	17,625	19,963	19,000	[963]
Operations and maintenance	35,640	38,525	37,500	[1,025]
Student transportation services	11,545	11,524	14,000	2,476
Food service	13,351	16,272	15,000	[1,272]
Total Expenditures	<u>484,043</u>	<u>543,519</u>	<u>\$ 556,650</u>	<u>\$ 13,131</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Gifts and Grants Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Contributions and donations	\$ 51,426	\$ 249,324	\$ 125,000	\$ 124,324
Investment income	273	171	-	171
Federal aid	18,484	17,061	-	17,061
Total Receipts	<u>70,183</u>	<u>266,556</u>	<u>\$ 125,000</u>	<u>\$ 141,556</u>
Expenditures				
Instruction	39,392	74,308	\$ 129,550	\$ 55,242
Student support services	3,810	8,305	6,600	[1,705]
Instructional support services	2,111	612	4,750	4,138
General administration	1,366	850	1,950	1,100
Operations and maintenance	7,039	164,648	22,000	[142,648]
Transportation	493	1,236	1,050	[186]
Total Expenditures	<u>54,211</u>	<u>249,959</u>	<u>\$ 165,900</u>	<u>\$ [84,059]</u>
Receipts Over [Under] Expenditures	15,972	16,597		
Unencumbered Cash, Beginning	<u>68,111</u>	<u>84,083</u>		
Unencumbered Cash, Ending	<u>\$ 84,083</u>	<u>\$ 100,680</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Textbook Rental Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2014 and 2013

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Charges for services	\$ 15,138	\$ 15,109
Transfers in	<u>70,000</u>	<u>19,831</u>
Total Receipts	<u>85,138</u>	<u>34,940</u>
Expenditures		
Instruction	<u>87,127</u>	<u>44,161</u>
Total Expenditures	<u>87,127</u>	<u>44,161</u>
Receipts Over [Under] Expenditures	[1,989]	[9,221]
Unencumbered Cash, Beginning	96,481	94,492
Prior year cancelled encumbrances	<u>-</u>	<u>12</u>
Unencumbered Cash, Ending	<u>\$ 94,492</u>	<u>\$ 85,283</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 415
Federal Funds
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014

	Teacher <u>Quality</u>	<u>Title I</u>	<u>Actual</u>	<u>Budget</u>	Variance Over [Under]
Receipts					
Federal aid	\$ 55,701	\$ 193,155	\$ 248,856	\$ 283,579	\$ [34,723]
Total Receipts	<u>55,701</u>	<u>193,155</u>	<u>248,856</u>	<u>\$ 283,579</u>	<u>\$ [34,723]</u>
Expenditures					
Instruction	15,869	188,530	204,399	\$ 283,579	\$ 79,180
Instructional support services	<u>39,832</u>	<u>4,625</u>	<u>44,457</u>	-	[44,457]
Total Expenditures	<u>55,701</u>	<u>193,155</u>	<u>248,856</u>	<u>\$ 283,579</u>	<u>\$ 34,723</u>
Receipts Over [Under] Expenditures	-	-	-		
Unencumbered Cash, Beginning	-	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Student Materials Revolving Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2014 and 2013

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Charges for services	\$ 29,239	\$ 31,653
Total Receipts	<u>29,239</u>	<u>31,653</u>
Expenditures		
Instruction	28,904	39,104
Instructional support services	<u>2,346</u>	<u>2,217</u>
Total Expenditures	<u>31,250</u>	<u>41,321</u>
Receipts Over [Under] Expenditures	[2,011]	[9,668]
Unencumbered Cash, Beginning	<u>22,384</u>	<u>20,373</u>
Unencumbered Cash, Ending	<u>\$ 20,373</u>	<u>\$ 10,705</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 415
Contingency Reserve Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2014 and 2013

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfers in	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Instruction	-	-
Total Expenditures	-	-
Receipts Over [Under] Expenditures	-	-
Unencumbered Cash, Beginning	500,000	500,000
Unencumbered Cash, Ending	<u>\$ 500,000</u>	<u>\$ 500,000</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 415
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2014
(With Comparative Actual Amounts for the Year Ended June 30, 2013)

	Prior Year	Current Year		Variance Over [Under]
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 554,622	\$ 575,828	\$ 542,859	\$ 32,969
Delinquent taxes	9,238	10,340	7,214	3,126
Motor vehicle tax	45,033	43,952	47,783	[3,831]
Recreational vehicle tax	<u>730</u>	<u>813</u>	<u>747</u>	<u>66</u>
Total Receipts	<u>609,623</u>	<u>630,933</u>	<u>\$ 598,603</u>	<u>\$ 32,330</u>
Expenditures				
Principal	480,000	500,000	\$ 500,000	\$ -
Interest	<u>119,950</u>	<u>103,760</u>	<u>103,760</u>	<u>-</u>
Total Expenditures	<u>599,950</u>	<u>603,760</u>	<u>\$ 603,760</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	9,673	27,173		
Unencumbered Cash, Beginning	<u>717,245</u>	<u>726,918</u>		
Unencumbered Cash, Ending	<u>\$ 726,918</u>	<u>\$ 754,091</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2014

<u>FUND</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
MIDDLE SCHOOL FUNDS				
Student Council	\$ 2,617	\$ 10,698	\$ 9,188	\$ 4,127
Student Incentives & Rewards	<u>1,731</u>	<u>5,085</u>	<u>4,400</u>	<u>2,416</u>
TOTAL MIDDLE SCHOOL ACTIVITY FUNDS	<u>4,348</u>	<u>15,783</u>	<u>13,588</u>	<u>6,543</u>
HIGH SCHOOL FUNDS				
Red Hawk Bank	6,216	7,519	7,569	6,166
Art Club	291	192	181	302
BPA	2,033	2,351	1,113	3,271
Cheerleaders	3,577	10,605	13,490	692
Class of '13	8	-	8	-
Class of '14	19	1,623	1,603	39
Class of '15	38	11,575	9,034	2,579
Class of '16	35	-	-	35
Class of '17	-	18	-	18
Flags	176	1,405	1,146	435
Red Hawk Store	2,606	16,764	15,581	3,789
Dance Team	915	1,807	1,438	1,284
FFA	7,893	25,043	22,781	10,155
Forensics	3	100	-	103
Kays	272	2,485	2,363	394
Biology Club	1,712	40,137	34,341	7,508
Weightroom	439	350	442	347
Readers Club	125	283	340	68
National Honor Society	256	40	85	211
Red Hawks	123	720	588	255
Scholars Bowl	404	780	802	382
International Club	795	347	357	785
Student Council	246	12,827	12,894	179
Basketball	42	4,486	2,951	1,577
Cross Country	328	30	30	328
Softball	470	2,458	1,759	1,169
Football	1,492	6,518	5,364	2,646
Volleyball	1,843	333	1,582	594
Wrestling	53	-	-	53
Powerlifting	144	452	535	61
Music/Vocal	406	2,455	2,414	447
Musical/Instrumental	4,033	21,211	21,431	3,813
Pep Bus	989	27	159	857
Integration	<u>4,037</u>	<u>-</u>	<u>-</u>	<u>4,037</u>
TOTAL HIGH SCHOOL ACTIVITY FUNDS	<u>42,019</u>	<u>174,941</u>	<u>162,381</u>	<u>54,579</u>
DISTRICT				
Petty Cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL DISTRICT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL STUDENT ORGANIZATION FUNDS	<u>\$ 46,367</u>	<u>\$ 190,724</u>	<u>\$ 175,969</u>	<u>\$ 61,122</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
District Activity Funds
Schedule of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2014

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<u>Gate Receipts:</u>							
Middle School	\$ 6,280	\$ -	\$ 16,285	\$ 14,587	\$ 7,978	\$ -	\$ 7,978
High School	18,065	-	108,505	111,078	15,492	-	15,492
Total Gate Receipts	24,345	-	124,790	125,665	23,470	-	23,470
<u>School Projects:</u>							
Hiawatha Elementary							
Miscellaneous	134	-	-	134	-	-	-
Pictures	9,122	-	2,887	3,528	8,481	-	8,481
Pop	-	-	2,817	2,695	122	-	122
Taxes	8	-	281	286	3	-	3
Total Hiawatha Elementary	9,264	-	5,985	6,643	8,606	-	8,606
Hiawatha Middle School							
School wide	1,479	-	6,257	7,218	518	-	518
School pictures	3,583	-	265	-	3,848	-	3,848
Yearbook	265	-	2,964	2,787	442	-	442
Miscellaneous	160	-	-	-	160	-	160
Dispensers	11	-	31	3	39	-	39
Sales tax	328	-	2,457	2,329	456	-	456
Total Hiawatha Middle School	5,826	-	11,974	12,337	5,463	-	5,463
High School							
All school play	2,006	-	6,933	5,450	3,489	-	3,489
Sales Tax	101	-	11,289	11,138	252	-	252
Yearbook	5,329	-	8,932	12,678	1,583	-	1,583
Miscellaneous	13	-	1,172	1,020	165	-	165
Drivers Ed	-	-	2,990	230	2,760	-	2,760
PSAT	3	-	420	392	31	-	31
ACT Prep Class	659	-	580	350	889	-	889
PLAN Test	195	-	225	259	161	-	161
Weightlifting	-	-	690	690	-	-	-
Total High School	8,306	-	33,231	32,207	9,330	-	9,330
Total School Projects	23,396	-	51,190	51,187	23,399	-	23,399
Total District Activity Funds	\$ 47,741	\$ -	\$ 175,980	\$ 176,852	\$ 46,869	\$ -	\$ 46,869

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Private Purpose Trust Funds
Schedule of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2014

<u>FUND</u>	Beginning Unencumbered Cash <u>Balance</u>	Prior Year Cancelled <u>Encumbrances</u>	Cash <u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered Cash <u>Balance</u>	Outstanding Encumbrances and Accounts <u>Payable</u>	Ending Cash <u>Balance</u>
Cox scholarship	\$ 1,012	\$ -	\$ 4	\$ -	\$ 1,016	\$ -	\$ 1,016
Crow memorial	2,441	-	11	-	2,452	-	2,452
Kidwell memorial	4,028	-	12	-	4,040	-	4,040
Elliott scholarship	1,667	-	6	300	1,373	-	1,373
Schilling scholarship	1,382	-	6	-	1,388	-	1,388
Ruth scholarship	193,336	-	5,245	5,000	193,581	-	193,581
Total Private Purpose Trust Funds	<u>\$ 203,866</u>	<u>\$ -</u>	<u>\$ 5,284</u>	<u>\$ 5,300</u>	<u>\$ 203,850</u>	<u>\$ -</u>	<u>\$ 203,850</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 415
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
U.S. Department of Education Passed through Kansas Department of Education (KSDE):					
Title I	84.010	\$ -	\$ 193,155	\$ 193,155	\$ -
Title II-A Teacher Quality	84.367	-	55,701	55,701	-
Program Improvement	84.048	-	47,125	47,125	-
Total Department of Education Passed Through KSDE		-	295,981	295,981	-
U.S. Department of the Interior Indian Education Assistance to Schools	15.130	-	17,061	17,061	-
Total Department of the Interior		-	17,061	17,061	-
U.S. Department of Agriculture Passed through Kansas Department of Education (KSDE):					
School Breakfast	10.553	-	62,775	62,775	-
National School Lunch Program	10.555	-	227,387	227,387	-
Summer Food Service	10.559	-	3,892	3,892	-
Team Nutrition Grants	10.574	-	135	135	-
Fresh Fruits & Vegetables	10.582	-	17,345	17,345	-
Total Department of Agriculture Passed Through KSDE		-	311,534	311,534	-
Total		\$ -	\$ 624,576	\$ 624,576	\$ -

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 415
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of Unified School District No. 415. All expenditures of federal financial assistance received directly from federal agencies, if any as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances.

UNIFIED SCHOOL DISTRICT NO. 415
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Adverse - GAAP
Unmodified - Prescribed Basis

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency (ies) identified that are not
considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency (ies) identified that are not
considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with section 510(a)
of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553, 10.555, 10.559

Child Nutrition Cluster

Dollar threshold used to distinguish between
type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

UNIFIED SCHOOL DISTRICT NO. 415
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2014

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted

Prior Year Findings

None Noted

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

Board of Education
Unified School District No. 415
Hiawatha, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting, the financial statements of the Unified School District No. 415, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

www.mizehouser.com ■ mhco@mizehouser.com

534 S Kansas Ave, Suite 700 ■ Topeka, KS 66603-3465 ■ 785.233.0536 p ■ 785.233.1078 f

534 S Kansas Ave, Suite 400 ■ Topeka, KS 66603-3454 ■ 785.234.5573 p ■ 785.234.1037 f

7101 College Blvd, Suite 900 ■ Overland Park, KS 66210-1984 ■ 913.451.1882 p ■ 913.451.2211 f

211 E Eighth Suite A ■ Lawrence, KS 66044-2771 ■ 785.842.8844 p ■ 785.842.9049 f

However, we noted certain other matters that we reported to management of the District in a separate letter dated November 18, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mike Houser: Company PA

Certified Public Accountants

Lawrence, KS
November 18, 2014



MIZE & HOUSER
COMPANY^{PA.}

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Education
Unified School District No. 415
Hiawatha, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Unified School District No. 415, (the District) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal financial programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Kansas Municipal Audit and Accounting Guide. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

www.mizehouser.com ■ mhco@mizehouser.com

534 S Kansas Ave, Suite 700 ■ Topeka, KS 66603-3465 ■ 785.233.0536 p ■ 785.233.1078 f

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211 E Eighth Suite A ■ Lawrence, KS 66044-2771 ■ 785.842.8844 p ■ 785.842.9049 f

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mike Houser: Company PA

Certified Public Accountants

Lawrence, KS
November 18, 2014



AUDITOR'S COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Education
Unified School District No. 415
Hiawatha, Kansas

We have audited the financial statements of the Unified School District No. 415 (the District), Hiawatha, Kansas for the year ended June 30, 2014, and have issued our report thereon dated November 18, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated February 11, 2014, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the cash basis and budget laws of the State of Kansas. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will communicate our significant findings at the conclusion of the audit. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on September 4, 2014.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 18, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting policies used by the District as described in Note 1 to the financial statements, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the board of education and management of Unified School District No. 415 and is not intended to be and should not be used by anyone other than these specified parties.

Mike Houser: Company PA

Certified Public Accountants

Lawrence, KS

November 18, 2014